

MARKED-UP COPY OF AMENDMENT**In the claims:**

Please amend Claim 13 as follows:

13. (three times amended) A method for minimizing transfer tax liability of a grantor for the transfer of the value of nonqualified stock options to a family member grantee, the stock options having a stated exercise price and a stated period of exercise, the method performed at least in part within a signal processing device and comprising:

establishing a Grantor Retained Annuity Trust (GRAT);

funding said GRAT with assets comprising stock options, the stock options having a determined value at the time the transfer is made;

setting a term for said GRAT and a schedule and amount of annuity payments to be made from said GRAT;

performing a valuation of the stock options as each annuity payment is made and determining the number of stock options to include in the annuity payment; and

establishing an Irrevocable Life Insurance Trust (ILIT) that provides a life insurance policy on the grantor, said life insurance policy having the ILIT as named beneficiary, said ILIT having [with] the family member grantee[s] as named beneficiary[ies], and said ILIT to receive said assets of said GRAT on said GRAT's natural termination.

Please amend claim 25 as follows:

25. (three times amended) A method for minimizing transfer tax liability of a grantor for the transfer of the value of nonqualified stock options to a family member grantee, the

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stock options having a stated exercise price and a stated period of exercise, the method performed at least in part within a signal processing device and comprising:

establishing a Grantor Retained Annuity Trust (GRAT);

funding said GRAT with assets comprising stock options, the stock options having a determined value at the time the transfer is made;

setting a term for said GRAT and a schedule and amount of annuity payments to be made from said GRAT;

performing a valuation of the stock options as each annuity payment is made and determining the number of stock options to include in the annuity payment;

determining an optimum percentage of said GRAT assets that will be said annuity with the purpose of reducing the taxable gift value;

including an amount of cash in said transfer to said GRAT [at least equal to the first year's annuity on an estimated present value basis assuming a rate of return on said amount of cash in said GRAT];

deferring the payment of said options in said annuity by including some or all of said cash in at least one annuity payment, thereby reducing the number of said options required to be paid as part of said annuity, and increasing the number of said options remaining in said GRAT; and

establishing at the time said GRAT is established an Irrevocable Life Insurance Trust (ILIT) that provides a life insurance policy on the [said] grantor, said life insurance policy having the ILIT as named beneficiary, said ILIT having [with] the [said] family member grantee[s] as named beneficiary[ies], and said ILIT to receive said assets of said GRAT on said GRAT's natural termination.